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SIPDIS

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SUBJECT: MEDIA REACTION ON CAFTA, JUNE 06, 2005

¶1. On 06/04 the Tegucigalpa-based liberal daily "La Tribuna" published an editorial entitled "Grace period." "President Bush asked the U.S. Congress for CAFTA-DR's ratification as a measure to give the U.S economy and regional democracy a major boost."

"Congresses in Costa Rica, Dominican Republic and Nicaragua have not yet ratified CAFTA. U.S senators and congressmen are afraid that there will be negative consequences for U.S workers. In Central America, social sectors oppose it but governments are deaf to the peoples' voices because CAFTA will be ratified."

"The region has a grace period in which it can get accustomed to the new competitive situation and if this is not accomplished, agricultural production will have to compete on equal footing with the North American monster."

"All presidents in favor of CAFTA will have to explain to their countries their agricultural conversion plan. Once the grace period is gone and appropriate competitive levels are not reached, we will become consumption markets. Other countries are very active in this area but when will it happen to Honduras?"

¶2. On 06/06 "Tribuna" published an op-ed by Gautama Fonseca entitled "The Common Market and CAFTA." "The Central American Economical Integration Treaty was signed in Managua on December 13th 1960."

"Article 25 of the treaty states the following: `Signing States agree not to unilaterally sign new treaties with Central American countries that will affect the principles of the Central American Economical Integration. They also agree to maintain the Central American Exception Clause based on the treatment of the most favored nation with countries different from the ones signed.'"

"Central American presidents believe that their salvation doesn't depend on their own efforts."

"That is how things are in this part of the world, dominated by a small rich group and a handful of middle class servants for whom servitude towards the U.S. is more important than to finish building the Central American Common Market."

Palmer.